

FILED

ORIGINAL

Marc J. Winthrop – State Bar No. 63918
Garrick A. Hollander – State Bar No. 166316

**WINTHROP COUCHOT
PROFESSIONAL CORPORATION**

660 Newport Center Drive, Fourth Floor
Newport Beach, CA 92660

Telephone (949) 720-4100
Facsimile (949) 720-4111

Proposed Insolvency Counsel for STM Wireless,
Inc., Debtor and Debtor-in-Possession

03 FEB 24 AM 9:08

CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

BY  DEPUTY

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

SANTA ANA DIVISION

In re

STM WIRELESS, INC., a Delaware
corporation,

Debtor and Debtor-in-
Possession.

Case No. SA 03-11289 JR

Chapter 11 Proceeding

**SUPPLEMENTAL DECLARATION OF
JOSEPH WALLACE IN SUPPORT OF
DEBTOR'S EMERGENCY MOTION FOR
ORDER, (1) APPROVING POST-PETITION
FINANCING AGREEMENT BY AND
BETWEEN THE DEBTOR AND SLOAN
CAPITAL PARTNERS, LLC; (2)
AUTHORIZING DEBTOR TO INCUR DEBT
PURSUANT PURSUANT TO 11 U.S.C.
§ 364(d)(1); (3) AUTHORIZING THE DEBTOR
TO GRANT SLOAN CAPITAL PARTNERS,
LLC, A FIRST PRIORITY LIEN AGAINST
ALL ESTATE PROPERTY TO SECURE
POST-PETITION FINANCING; AND
(4) SCHEDULING A FINAL HEARING ON
THE MOTION**

[11 U.S.C. § 364(d); F.R.B.P. 4001(c)]

Date: February 24, 2003
Time: 10:00 a.m.
Place: Courtroom 5A

DECLARATION OF JOSEPH WALLACE

I, Joseph Wallace, hereby declare and state as follows:

1. I am the Chief Financial Officer of STM Wireless, Inc., a Delaware corporation, debtor and debtor-in-possession in the above-entitled Chapter 11 case (the "Debtor"). I have personal knowledge of the facts set forth herein, and if called upon to testify to the same, I could and would do so competently.

2. I have substantial training in accounting and financial management. I have been a chartered accountant for approximately twenty (20) years.

3. In my capacity as Chief Financial Officer of the Debtor, I am responsible for overseeing the day-to-day operations of the Debtor, as well as all aspects of the financial affairs of the Debtor. I have substantial knowledge of the financial condition of the Debtor. My duties as Chief Financial Officer of the Debtor include, but are not limited to, the following:

a. Supervising the individuals responsible for the maintenance and retention of the Debtor's account records; and

b. Overseeing the preparation and maintenance of the Debtor's financial reporting, including, without limitation, its balance sheets, income statements, and cash flow reports.

4. The Debtor's financial books and records are maintained in a consistent and organized manner in the ordinary course of the Debtor's business. As Chief Financial Officer of the Debtor, I am very familiar with the Debtor's financial books and records, in general, and the value of its inventory and accounts receivable, in particular.

5. After reviewing and assessing the Debtor's inventory detail and each individual account comprising of its accounts receivable, I have concluded that CIT Financial ("CIT") enjoys a substantial equity cushion in this case, based on a going concern valuation.

6. The Debtor's inventory and accounts receivable balances at the beginning of this case show \$6,479,000 and \$7,000,000, respectively, for a total of \$13,479,000. Applying a \$3,000,000 reduction in inventory based on estimated excess and obsolescence and a conservative

1 40% reduction in accounts receivable to account for possible uncollectible accounts, inventory and
2 account receivables are conservatively valued, on a going concern basis, at \$3,479,000 and
3 \$4,200,000, respectively, for a total of \$7,679,000. In contrast, the total amount of claims asserted
4 by CIT against the Debtor's cash collateral is only approximately \$1,600,000.

5 7. Based on the values of these two assets alone, CIT enjoys a substantial equity
6 cushion of approximately \$6,079,000, or 379% of its asserted claim.

7 I declare under penalty of perjury under the laws of the United States of America that the
8 foregoing is true and correct to the best of my knowledge.

9 Executed this ____ day of February 2003, in Irvine, California.

10
11 
12 Joseph Wallace
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28